

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6914

BILL NUMBER: HB 1568

NOTE PREPARED: Jan 12, 2013

BILL AMENDED:

SUBJECT: Student Loan Terms and Conditions.

FIRST AUTHOR: Rep. Riecken

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that the following apply to a student loan, including a refinancing or consolidation of an existing student loan, that is made to an Indiana student after June 30, 2013:

1. The loan documents for the loan may not provide for, and the lender may not charge the borrower, a fee or penalty for payment on part of the principal of the loan before payment on the principal is due.
2. In the case of an adjustable rate loan, the first interest rate adjustment may not occur or be scheduled to occur on a date that is earlier than seven years after the loan is issued or closed.

The bill provides that a person that knowingly or intentionally violates one of these provisions commits a deceptive act that is actionable by the Attorney General.

The bill provides that the State Student Assistance Commission (Commission), in consultation with the Department of Financial Institutions, may adopt rules to provide guidance to: (1) student loan lenders; and (2) Indiana students and one or both parents or legal guardian; concerning the rights created and duties imposed by these provisions.

The bill provides that the Attorney General: (1) shall act as legal counsel to the Commission in the administration and enforcement of these provisions; and (2) may, upon the Attorney General's own motion or upon receiving a complaint or request from certain specified persons, conduct an investigation to determine if a violation of these provisions has occurred.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The bill could increase the expenses of the State Student Assistance Commission and the Department of Financial Institutions in the adoption of rules to provide guidance on student loans. The impact would probably be minor.

The bill could also increase the expenses of the Attorney General in acting as counsel for the Commission and acting on complaints. The impact would depend the number of additional cases the Attorney General might have to process. The impact is unknown.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, Department of Financial Institutions, Attorney General.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.